



News Release

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IRS Announces Energy Bond Allocations

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WASHINGTON — The Internal Revenue Service today announced 312 projects eligible to be financed with tax-credit bonds under the Clean Renewable Energy Bonds (CREB) program.

The U.S. Treasury Secretary is authorized to distribute volume cap allocations of tax-credit bonds through the CREB program, which was created by the Energy Tax Incentives Act of 2005 and the Tax Relief and Health Care Act of 2006.

In November 2006, the IRS announced the first round of volume cap allocations, which allocated \$800 million of volume cap (some of which was subsequently relinquished) to 610 projects. (The announcement was in IR-2006-181 available on the IRS website.) State and local governments as well as electrical cooperatives are able to issue tax-credit bonds under the program.

Internal Revenue Code Section 54 authorizes the allocation of \$1.2 billion of tax-credit bond volume cap to fund projects that can generate clean renewable energy. State and local government borrowers are limited to no more than \$750 million of the volume cap with the rest going to qualified mutual or cooperative electric companies.

CREB volume cap allocations are awarded on a “smallest-to-largest” project basis. IRS Notices 2007-26 and 2005-98 further explain the program and can also be found on the IRS website.

The IRS has completed the review of applications for \$897 million of CREB financing submitted pursuant to Notice 2007-26 and has notified applicants of the results. The second round included 342 applications from 33 states, pertaining to 395 projects. Approximately \$477 million of CREB volume cap was available for allocation to qualified issuers.

The deadline for making an application was July 13, 2007. There were 156 proposed projects in California, 57 in Minnesota, 23 in New Jersey, 17 in Washington, 13 in Nebraska, 12 in Montana, 11 in Illinois and 10 in Wisconsin. Applications ranged in size from \$15,000 to \$38.5 million.

Governmental borrowers submitted applications totaling \$728 million to finance 367 projects with an average project size of about \$2 million. Governmental borrowers in 28 states will receive \$263 million of volume cap allocations ranging from \$15,000 to \$2.95 million. Approved projects of governmental borrowers include: 138 solar facilities, 88 wind facilities, 41 landfill gas facilities, 12 hydropower facilities, three closed-loop biomass facilities, three trash combustion facilities and one open-loop biomass facility.

Cooperative borrowers submitted applications totaling about \$170 million to finance 28 projects with an average project size of about \$6.1 million. Cooperative borrowers will receive about \$143 million of volume cap allocations for projects in 13 states ranging from \$300,000 to \$30 million. Approved cooperative projects include: 14 wind facilities, four landfill gas facilities, six hydropower facilities, one solar facility and one open-loop biomass facility.

Disclosure restrictions prohibit releasing taxpayer-specific information without written consent. Notice 2007-26 included a Consent to Public Disclosure Statement. The 310 projects whose applicants signed the consent form can be viewed online at IRS.gov